



Administrator
Washington, DC 20201

JULY 30 2004

Mr. Stan Rosenstein, Deputy Director
Medical Care Services
California Department of Health Services
1501 Capitol Avenue
MS 4000, P.O. Box 947413
Sacramento, CA 95899-7413

Dear Mr. Rosenstein:

We are pleased to inform you that your May 4, 2004, application for the "In-Home Supportive Services (IHSS) Plus" section 1115 *Independence Plus* demonstration has been approved as project number 11-W00184/9 for the period of 5 years, beginning on August 1, 2004. The approval is under authority of section 1115 of the Social Security Act (the Act).

This approval will permit California to provide Medi-Cal eligible aged, blind, and disabled adults and children with a program of self-directed personal care assistance and delivery options that are not available under California's State Plan Personal Care Services Program (PCSP).

The IHSS Plus proposal is designed based upon the program requirements in the *Independence Plus* model of self-directed service delivery. The *Independence Plus* initiative was announced by Secretary Thompson in May 2002, to achieve the goals established in the President's New Freedom Initiative to promote community life. The Centers for Medicare & Medicaid Services (CMS) congratulates California for participating in the multi-state effort to develop *Independence Plus* programs nationwide.

Specifically, California's IHSS Plus program will serve Medi-Cal eligible aged, blind, and disabled adults and children who hire and manage their own personal caregivers, including their spouse or parent, and who have the option to receive their cash allotment directly, in advance of services being rendered, so they can pay their caregivers and hire substitute caregivers in urgent situations. Participants determined to need domestic and related services will also be able to hire and manage the providers of those services. Protective supervision, such as cueing and reminding participants to perform activities of daily living or incidental to daily living, will be available to mentally impaired persons or persons with mental illness to assist them in remaining safely in their homes. A restaurant meal allowance is available as an option in lieu of meal planning, preparation, and cleanup for participants whose disabilities prevent them from using their own cooking facilities. It is anticipated that approximately 52,000 Medi-Cal eligible elders and persons with disabilities will be enrolled during the demonstration.

Our approval of the IHSS Plus demonstration (and the Federal matching authority provided for thereunder) is contingent upon the State's agreement to the enclosed Special Terms and Conditions (STCs). The STCs also set forth in detail the nature, character, and extent of Federal involvement in this project. Continued operation of the demonstration and availability of Federal financial payments are contingent on the State submitting a draft Operational Protocol that reflects all program requirements and our receipt of your written acceptance of the award within 30 days after the date of this letter.

All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable in this letter, shall apply to the IHSS Plus demonstration.

To the extent this demonstration results in the provision of services outside those currently approved in your Medicaid State plan, please be aware of Health Insurance Portability and Accountability Act of 1996 (HIPAA) requirements for service coding purposes that must be met. You may contact your CMS project officer to determine how to ensure your demonstration is compliant with HIPAA provisions.

The following waivers are granted pursuant to section 1115(a)(1) of the Act authority for a period of 5 years beginning August 1, 2004:

1. Comparability section 1902(a)(10)(B) of the Act

To permit the provision of services under the demonstration that will not otherwise be available under the State plan. Benefits, (i.e., amount, duration, and scope) may vary by individual based on assessed need.

2. Income and Resource Rule sections 1902(a)(10)(C)(i) and 1902(a)(10)(A)(i) and (ii) of the Act

To permit the exclusion of payments received under the demonstration from the income and resource limits established under State and Federal law for Medicaid eligibility.

3. Direct Payments to Providers section 1902(a)(32) of the Act

To permit payments to be made directly to beneficiaries or their legal representatives.

4. Payment Review section 1902(a)(37)(B) of the Act

To the extent that prepayment review may not be available for disbursements by individual beneficiaries to their caregivers/providers.

Under the authority of section 1115(a)(2) of the Act, expenditures made by the State under the IHSS Plus demonstration for the items identified below (which are not otherwise included as expenditures under section 1903 of the Act) shall, for a period of 5 years, beginning August 1, 2004, be regarded as expenditures under the State's title XIX plan:

1. Expenditures for costs of demonstration services provided by members of the demonstration participant's family, i.e., parents, stepparents, or spouses.
2. Expenditures for costs of demonstration administrative activities, specifically the provision of training and fiscal intermediary services as a part of the demonstration.
3. Expenditures for costs of demonstration services not otherwise covered under the Medicaid state plan provided to demonstration participants.

Your project officer is Marguerite Schervish, who can be reached at (410) 786-7200, or at Mschervish@cms.hhs.gov. Communications regarding program matters and official correspondence concerning the project, should be submitted to the project officer at the following address:

Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
Mail Stop: S2-14-26
7500 Security Boulevard
Baltimore, Maryland 21244-1850

Communications regarding program matters should be submitted simultaneously to the CMS regional partner, Sue Schwab, who can be reached at (415) 744-3579, at Sschwab@cms.hhs.gov, or at the following address in the San Francisco Regional Office:

Centers for Medicare & Medicaid Services
Division of Medicaid and Children's Health
75 Hawthorne Street
San Francisco, California 94105

Should you have questions regarding this correspondence, please contact Mary Jean Duckett, Acting Director, Disabled and Elderly Health Programs Group, at (410) 786-3294. We extend our congratulations on this approval and look forward to working with you further during the course of the project.

Sincerely,

/s/

Mark B. McClellan, M.D., Ph.D.

Enclosure

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cc:

Sue Schwab, San Francisco Regional Office

Marguerite Schervish, Central Office